

Appropriation Head 160 – Auditor General’s report of the Ministry of Environment and Renewable Energy and the Departments thereunder – Year 2012

This report comprises two Parts.

Part 1 - Summary Report on the accounts of the Ministry and the Departments thereunder

Part 2 - Detailed Reports relating to each Appropriation Head

Part I

Summary report on the Accounts of the Ministry of Environment and Renewable Energy and the Departments thereunder

1. Department under the Ministry

Head of Expenditure

No. 283

Name of the Department

Department of Forest Conservation

2. Accounts

2:1 Appropriation Accounts

Total Provision and Expenditure

The total net provision made for the Ministry and the Department under the Ministry amounted to Rs. 3,472,106,000 and out of that a sum of Rs.2,284,597,540 had been utilized by end of the year under review. Accordingly, the net savings of the Ministry and the Department amounted to Rs.1,110,883,550 and Rs.76,624,910 or 50.3 per cent and 6.05 per cent respectively of the total net provision. Details appear below.

Appropriation Head	Ministry/ Department	Net Provision as at 31 December 2012		Utilization as at 31 December 2012		Savings as at 31 December 2012	
		Recurrent	Capital	Recurrent	Capital	Recurrent	Capital
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
160	Ministry of Environment and Renewable Energy	566,091,000	1,640,065,000	514,998,996	580,273,454	51,092,004	1,059,791,546
283	Department of Forest Conservation	852,700,000	413,250,000	814,409,854	374,915,236	38,290,146	38,334,764
	Total	1,418,791,000	2,053,315,000	1,329,408,850	955,188,690	89,382,150	1,098,126,310

2:2 Revenue Accounts

Estimated and Actual Revenue

The Department of Forest Conservation had estimated a sum of Rs.1,025,000,000 for 2 Revenue Codes during the year 2012 and had collected revenue amounting to Rs.817,802,166. Accordingly, the revenue collected was 79.8 per cent of the estimated revenue.

Revenue Accounting Officer	Revenue Code	Estimated	Actual	Excess Collection / (Less Collection)	Percentage
		Rs.	Rs.	Rs.	
Conservator General of Forest	1003.07.03	150,000,000	59,386,598	(90,613,402)	60.4
Conservator General of Forest	2002.01.02	875,000,000	758,415,568	(116,584,432)	13.3

2:3 Advance Accounts

2:3:1 Advances to Public Officers' Accounts

Limits Authorized by Parliament

The following limits authorized by Parliament for the Ministry and the Department thereunder had been complied with. Details are shown below.

Head	Item No.	<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
		Maximum Limits	Actual	Minimum Limits	Actual	Maximum Limits	Actual
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
160	16001	11,000,000	8,810,052	5,500,000	11,091,435	50,000,000	27,062,765
283	28301	75,000,000	52,584,305	45,000,000	63,668,129	298,500,000	241,809,722

2:4 Imprest and General Deposits Accounts

2:4:1 Imprest Account

The debit balances of the Imprest Accounts of the Ministry and the Department under the Ministry as at 31 December 2012 amounted to Rs.25,229,756. Details are as follows.

Ministry / Department -----	Debit/ (Credit) balance as at 31 December 2012 -----
	Rs.
Ministry of Environment and Renewable Energy	260,361
Department of Forest Conservation	<u>24,969,395</u>
	<u>25,229,756</u>

2:4:2 General Deposit Account

 The balances of General Deposit Accounts of the Ministry and the Department thereunder as at 31 December 2012 aggregated Rs.24,894,497. Details appear below.

Ministry/ Department	Account No.	Balance as at 31 December 2012
-----	-----	-----
		Rs.
Ministry of Environment and Renewable Energy	6000/000/00/0015/0070	12,611,878
Department of Forest Conservation	6000/000/00/0015/0138	12,282,619

		24,894,497
		=====

Part II

Detailed Report relating to each Appropriation Head

1. Appropriation Head 160 - Ministry of Environment and Renewable Energy

1:1 Scope of Audit

The audit of Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Ministry of Environment and Renewable Energy for the year ended 31 December 2012 was carried out in pursuance of provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 30 August 2013. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1:2 Responsibility of the Chief Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statement in accordance with the provisions of Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

1:3 Audit Observations

According to the Financial Records and Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) to (d) and other major observations appearing in paragraphs 1:4 to 1:11 herein, the Appropriation Account and the Reconciliation Statement of the Ministry of Environment and Renewable Energy have been prepared satisfactorily.

(a) Budgetary Variances

-
- (i) The entire net provision of Rs.299,300,000 allocated for 11 Objects remained unspent.
 - (ii) The savings after utilization of provision amounted to Rs. 6,248,150,000 as a result of the overprovision of Rs. 458,324,587 in 21 Objects and it ranged between 50 to 97 per cent of the net provision of those Objects.
 - (iii) Included in the Action Plan were the provisions made for 8 activities of the Air Quality Management and International Co-ordination Division, 3 activities of the Bio Diversity Division, 7 activities of climate changes Division and 3 activities of the Sustainable Development Division were amounting to Rs. 4,280,000, Rs.490,000, Rs.47,320,000 and Rs.750,000 respectively. But, the amount provided in these activities had exceeded by Rs.4,764,500, Rs.391,310, Rs.5,373,890 and Rs.3,975,330 respectively.

(b) Imprest Account

The imprest balance of Rs.260,361 existing since 2007 had not been settled even as at 30 April 2013,

(c) Reconciliation Statement relating to Advances to Public Officers' Account

According to the Reconciliation Statement relating to Item No. 16001 Advances to Public Officers' Account as at 31 December 2012, the arrears of balances

recoverable as at that date aggregated Rs.379,660. The position pertaining to the follow up action taken with regard to recovery of those balances was weak.

1:4 Good Governance and Accountability

1:4:1 Corporate Plan

According to the letter No. PF/R/2/2/3/5/(4) dated 10 March 2010 of the Director General of Public Finance addressed to all Secretaries to Ministries, Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and the Heads of Local Authorities, a Corporate Plan at least for a period of 03 years, from the year 2010 should have been prepared by the Ministry at the beginning of the year. But that Plan had not been prepared even by 31 December 2012.

1:4:2 Annual Procurement Plan

The Annual Procurement Plan should be prepared in terms of the National Budget Circular No. 128 dated 24 March 2006. However, the procurement plan had not been prepared as per specimen appearing in the circular.

1:4:3 Internal Audit

The internal audit unit consisted of 5 officers including the Chief Internal Auditor. Ten audit reports had been furnished in 2012. Further, the audit functions of the following institutions had been included in the internal audit programme for the year 2012. But, it was observed that the audit functions of those institutions had not been carried out during the year.

- (a) State Timber Corporation
- (b) Central Environmental Authority
- (c) Pilisaru Project
- (d) Geological Survey and Mines Bureau

1:5 Assets Management

(a) Idle and Underutilized Assets

It was observed that 04 vehicles belonging to the Ministry were lying idle as at 31 December 2012 during a period of 3 to 21 months.

(b) Assets given to Outside Parties

It was observed that 4 vehicles had been irregularly released to outside parties by the Ministry. Details are shown below.

Category of Asset	No. of Assets	Institution to which the asset had been given	Value
			Rs.
(i) Isuzu Double Cab	02	Ministry of Provincial Councils and Local Government	Not mentioned
(ii) Toyota Double Cab	02	Ministry of Buddhasasana and Religious Affairs	Not mentioned

(c) Irregular Usage of Assets belonging to other Institutions

It was observed at audit test checks that vehicles belonging to other institutions had been used by the Ministry without proper approval. Details appear below.

Category of Asset	To whom the Asset belongs to	Value
		Rs.
(i) Ferjo Car	State Timber Corporation	Not furnished
(ii) Suharu Jeep	Department of Forest Conservation	Not furnished

1:6 Non-compliances

 Non-compliance with Laws, Rules, Regulations, etc.,

Persons responsible for losses should be determined as per Financial Regulation 104. However, officers responsible for the loss of Rs.629,978 caused to 3 vehicles had not been determined.

1:7 Weaknesses in Implementation of Projects

 Delays in Implementing Projects

Delays in implementation of the following project by the Ministry was observed.

Project	Estimated Cost	Date of Commencement	Expected date of completion	Expenditure as at 31 December 2012	Reason for delay
-----	-----	-----	-----	-----	-----
	Rs.			Rs.	
Creation of the Pannala Model Town	10,000,000	12.10.2011	12.02.2012	11.689,995	It was planned to develop as an ordinary playground. But, later it was proposed to develop it as a ground suitable for playing cricket.

1:8 Performance

 Observations relating to the progress of the Ministry for the year 2012 is shown below.

(a) Inadequate Fulfillment of Key Functions

-
- (i) Key functions of the Ministry had not been adequately fulfilled. Few such instances observed are shown below.

Name of the Project	Amount Provided	Actual Expenditure	Observations
-----	-----	-----	-----
	Rs.	Rs.	
Air Quality Management and International Co-ordination Division	51,500,000	15,085,200	A sum of Rs.51,500,000 had been provided for 64 activities included in the Action Plan. Of these, the total sum of Rs.17,985,100 provided for 22 activities remained unspent.
Environmental Sustainable Division	52,000,000	2,399,000	* Haritha Kawayaya and Environmental Villages Programmes had been included in the Action Plan. A sum of Rs.19,000,000 had been provided for this purpose during the year under review. But, no expenditure had been incurred on this. However, a sum of Rs.16,405,000 had been spent for activities other than these. * 90 to 100 per cent of the amount provided for 6 out of 7 of the activities under the Clean City Programme remained unspent.
Bio Diversity Division	32,200,000	8,458,550	* Although a sum of Rs.32,200,000 had been provided for 84 activities, the amount provided for 20 activities remained unspent. * Progress of 4 Programmes included in the Action Plan had not been reported.
Weather Changes Division	49,715,000	31,164,947	This provision had been made for 60 activities. Of these, the entire provision for 20 activities amounting to Rs.7,312,000 remained unspent.
Sustainable Development Division	12,900,000	6,615,190	The entire provision of Rs.2,530,000 for 09 activities remained unspent.
Natural Resources	1,000,000	495,000	Provision made for 02 activities included in

Division

the Action Plan remained unspent.

- (ii) Officers responsible for activities included in the Action Plan had not been named.

(b) Planning

It was observed that activities had not been carried out as per Action Plan, at the instances referred to below.

Air Quality Management and International Coordination Division	A sum of Rs.971,650 had been spent for activities not included in the Action Plan.
--	--

Bio Diversity Division	A sum of Rs.2,230,750 had been spent for 13 activities not included in the Action Plan.
------------------------	---

Natural Resources Division	A sum of Rs.495,000 had been spent for an activity not included in the Action Plan.
----------------------------	---

1:9 Irregular Transactions

Certain transactions of the Ministry were not regular. Few such instances observed are shown below.

- (a) Goods had been purchased for Rs.4,050,302 as at 30 October 2012 exceeding the amount provided for 2012 as per Procurement Plan. Further, goods valued at Rs.1,899,112 had been purchased without the approval of the Purchasing Committee.
- (b) A sum of Rs.20,000,000 had been provided for the Deyata Kirula Programme. In spite of this, a sum of Rs.396,937 had been spent in excess of that amount with regard to fuel and transport, subsistence allowances, entertainment allowances and photocopy prints by utilizing the provision of 5 other expenditure heads.
- (c) A sum of Rs.5,500,000 had been provided for commemorating the International Environmental Day. Of this, a sum of Rs.2,983,102 had been utilized and of this, the expenditure incurred on newspaper advertisements amounted to Rs.1,925,520

representing 65 per cent. Although a sum of Rs.4,250,000 had been provided for 3 main functions such as, to develop the Bingiriya New Town as a pleasant town, development activities of national schools and tree planting activities, none of those activities had been carried out. Further, a sum of Rs.1.067 million had been spent from 4 other expenditure heads to obtain air tickets for the (Rio+20) Programme held in Brazil in concurrence with the Environmental Day and for purchase of 80 pen drives for journalists and for purchasing commemoration covers and stamps.

- (d) The Treasury had provided Rs.120,000,000 to purchase 4 air quality follow up centres. However, those purchases had not been made. As a result, the supervision of air quality in the environment had come to a standstill.

1:10 Management Weaknesses

The audit paragraphs included in the Auditor General's reports relating to the Ministry were examined by the Committee on Public Accounts and the details of paragraphs pending completion of follow up action are shown below.

Reference to the Auditor General's Report	Matter under Reference	Date of Committee on Public Accounts Meeting	Present Position
-----	-----	-----	-----
Year	Paragraph No.		
-----	-----		
			<u>Operating Inefficiencies</u>
2008	7(d)	06.03.2013	These matters had not been inquired into by the Bribery or Corruption Commission and necessary charge sheets had not been quickly issued.
2008	5(c)		<u>Assets given to Outsiders</u>
	Sepiro Car and a Toyota Cab	06.03.2013	To bring this to the notice of the relevant Minister. Action had

not been taken to get back the vehicles or to vest them.

2008	4.2(b)	<u>Arrears of Loan Balances</u>		
		Unsettled foreign travel advance of Rs.260,361	06.03.2013	Intensified action had not been taken to obtain the Attorney General's advice and to recover the loan by selling the land pledged as surety.
2011	4.3(a)	Imprest Account	06.03.2013	The Private Secretary of the Minister who had obtained the advance had not been requested to settle the amount and action had not been to get it settled and to bring this to the notice of the Minister concerned.
2011	5(c)	Assets of other Institutions	06.03.2013	Intensified action had not been taken to acquire or to vest the vehicles concerned.

1:11 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2012 is as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Surplus
-----	-----	-----	-----	-----
(a) Senior Level	45	27	18	--
(b) Tertiary Level	37	36	1	--
(c) Secondary Level	124	81	43	--
(d) Primary Level	76	54	22	--
(e) Others (Casual/ Temporary/ Contract Basis)	1	10	-	9
	-----	-----	-----	-----
Total	<u>283</u>	<u>208</u>	<u>84</u>	<u>9</u>

The following observations are made.

- (i) Action had not been taken to fill 84 vacancies as at end of the year under review.
- (ii) Apart from this, 51 Graduate Trainees recruited under the Graduate Trainees Programme had been assigned for services at the Ministry.

2. Appropriation Head 283 - Department of Forest Conservation

2:1 Scope of Audit

The audit of the Appropriation Account and the Revenue Account including the financial records, reconciliation statements, books, registers and other records of the Department of Forest Conservation for the year ended 31 December 2012 was carried out in pursuance of provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Conservator General of Forst on 23 August 2013. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

2:2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account, Revenue Account and the Reconciliation Statement in accordance with the provisions of Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2:3 Audit Observations

According to the Financial Records and Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) to (d) and other major observations appearing in paragraphs 2:4 to 2.10 herein, the Appropriation Account and the Reconciliation Statement of the Department of Forest Conservation have been prepared satisfactorily.

(a) Budgetary Variations

As a result of overprovisions in 7 objects, the savings after utilization of provision ranged between 10 to 63 percent.

(b) General Deposit Account

The balance of the General Deposit Account as at 31 December 2012 was Rs.12,282,619. The following are the observations made in this regard.

(i) Sixty seven persons had furnished their applications for the examination relating to recruitment of Forest Officers (Tamil Medium), Probationary Grade of the Sri Lanka Technology Service. The maximum amount to be credited to the General Deposit Account as examination fees of Rs.300 per application was Rs.20,100. However, a sum of Rs.29,400 had been retained in the General Deposit Account as examination fees concerned from 2010 to 2012.

(ii) Apart from the above deposits, a sum of Rs.4,800 too had been retained in the General Deposit Account as examination fees without entries to clearly state what the examination was.

(c) Revenue Account

(i) Revenue Code : 2002:01:02 Revenue from Government Forests

* Estimate Revenue and Actual Revenue

The estimated revenue of the previous year was Rs.840,000,000 and the net revenue was Rs.1,399,283,630. It was 67 per cent more than the estimated revenue. However, the estimated revenue of the year under review was Rs.875,000,000 and the net revenue was Rs.758,415,568. Accordingly, the revenue decreased was about 13 per cent of the estimated revenue and it was about 46% less than the net revenue of the previous year.

* Arrears of Revenue

According to the accounts, the total arrears of revenue as at end of the year under review was Rs.765,450,575. About 13% of this arrears of revenue amounting to Rs.96,314,276 had been written off during the year under review. During the year under review 14 per cent of the arrears of revenue had been received and a further sum of Rs.563,427,145 was due as at end of the year under review. Royalties due from the State Timber Corporation amounting to Rs.560,288,680 and the dues from Matale District Secretariat and the Plonnaruwa District Secretariat amounting to Rs.1,227,000 and Rs.1,860,000 respectively had been included in those arrears of revenue.

* Recovery of Royalties

As shown below, a difference of Rs.82,717,357 was revealed between the royalties due to the department from the State Timber Corporation and the amount shown in the financial statements of the State Timber Corporation as payable to the department. Action had not been taken to rectify it.

	According to the Financial Statements of the State Timber Corporation	According to the books of the Department of Forest Conservation
	Rs.	Rs.
Opening balance (As at 01.01.2012)	142,217,074	252,902,701
Amount written off with the approval	96,314,276	96,314,276

of the Treasury

	-----	-----
	45,902,798	156,588,425
Royalties for 2012	861,372,664	919,409,410
	-----	-----
	907,275,462	1,075,997,835
Balance as at 31.12.2012	474,283,658	560,288,674
	-----	-----
Amount received/ paid during the year	432,991,804	515,709,161
	=====	=====
Difference		82,717,357
		=====

(ii) Revenue Code 10:03:07:3 – Private Timber Transport

* Estimated Revenue and the Actual Revenue

During the year under review, the estimated revenue was Rs.150,000,00 and the actual revenue was Rs.59,386,598. Accordingly, 40 per cent of the estimated revenue had been received during the year under review whereas it was 41 per cent during the previous year. The provisions in F.R. 128(2)(a) had not been followed while preparing the estimates, as observed in the extensive difference between the estimated revenue and the actual revenue.

* Report on Arrears of Revenue

A half yearly report on arrears of revenue as per F.R. 128(2) should be furnished by the Revenue Accounting Officer to the Auditor General before 31 July and before 31 January of the ensuing year as required by F.R. 176(1). However, it had not been forwarded so. A register of arrears of revenue showing the make up of the arrears of revenue too had not been prepared

(d) Reconciliation Statement relating to Advances to Public Officers' Account

According to the Reconciliation Statement relating to Item No. 28301 Advances to Public Officers Account as at 31 December 2012, the arrears of balances recoverable as at that date aggregated Rs.10,639,829 The position pertaining to the follow up action taken with regard to recovery of those balances was weak.

2:4 Good Governance and Accountability

2:4:1 Corporate Plan

According to the letter No. PF/R/2/2/3/5/(4) dated 10 March 2010 of the Director General of Public Finance addressed to all Secretaries to Ministries, Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and the Heads of Local Authorities, a Corporate Plan for a period of at least 03 years from the year 2010 should have been prepared by the Department at the beginning of the year. But, that plan had not been prepared even by 31 December 2012.

2:4:2 Annual Performance Report

According to the Public Finance Circulars No. 402 and No. 402(i) dated 12 September 2002 and 20 February 2004 as referred to in (2.4.1) above of the letter of the Director General of Public Finance, the Annual Performance Report of the department should be prepared and tabled in Parliament with a copy to the Auditor General within 150 days of the closure of the financial year. However, the performance report of the year under review had been furnished to Parliament on 07 October 2013.

2:4:3 Annual Procurement Plan

The annual performance plan had not been prepared on the due date as per National Budget circular No. 128 of 24 March 2006 and it had been prepared on 14 March 2013.

2:4:4 Internal Audit

Although an internal audit unit had been established, one officer alone was in service. An effective internal audit had not been carried out due to inadequacy of staff detailed for auditing the activities of the Department of Forest which has established zonal, district, forest offices throughout Sri Lanka for which a sum of Rs.1,262,950,000 had been provided in the annual budget.

2:5 Assets Management

(a) Idle and Underutilized Assets

Unauthorized usage of 90 perches of land of the Forest Reserve at Udawaththa forest, Kandy by a private hotel company was revealed at the review of demarcation of boundaries made in 1997. The Department of Valuation had valued that plot of land at Rs.11,750,000 in 2002.

(b) Annual Board of Survey Conducted

According to the Public Finance Circulars No. 441 dated 09 December 2009 as amended by the letter No. PF/Board of Survey/01 dated 17 December 2010, the annual board of survey should be conducted before 31 March 2013 and the report concerned should be forwarded to the Auditor General. However, the department had furnished the board of survey report for audit on 25 October 2013.

2:6 Non-compliance

Non-compliance with Laws, Rules and Regulations etc.

Instances of non-compliance with laws, rules and regulations observed at audit test checks are shown below.

Reference to Laws, Rules and Regulations -----	Value ----- Rs.	Non-compliance -----
(a) Establishments Code -----		
(i) Chapter xix-Section 5.2.1	122,291	The Conservator of Forest (Personnel and Administration) and his family had occupied a building belonging to the Department of Forest Conservation at Depanama from 27 May 2011. 12 per cent of the salary of the officer had not been recovered as rent of quarters in this connection.
(ii) Chapter xix-Section 5.8	108,365	Although the electricity and water charges should be paid by the occupant, the Kalutara District Forest Office had paid the electricity charges totalling Rs.54,299 and the water charges totalling Rs.54,066 for the period 27 May to November 2011 for the quarters occupied by the Conservator of Forest (Personnel and Administration)
(b) Financial Regulations -----		
(i) F.R. 104(1)	9,406,899	A report should be prepared in order to fix responsibility on the persons responsible and to find out reasons and the extent of loss or damaged caused to vehicles and others. However, such a report had not been prepared.
(ii) F.R.325	Cannot be computed	Periodical verification of cash collected at the sales centre of the head office had not been carried out by an executive officer.
(iii) F.RR 751 and 754	Cannot be computed	A register should be maintained for issue and receipts of plants. However, such a register or a specimen form had not been

made use of. Instead, a stock register had been maintained.

- | | | |
|---------------|--------------------|---|
| (iv) F.R. 756 | Cannot be computed | Action had not been taken to count the number of plants belonging to the Department of Forest Conservation during the course of annual board of survey. As such, the department was not in possession of information relating to the number of plants available at end of the year. |
|---------------|--------------------|---|

2:7 Performance

Inadequate Fulfillment of Main Functions

Key functions of the Department had not been adequately fulfilled. Few such instances observed appear below.

Cultivation of Forest with Private Sector Participation

- (a) With the objective of increasing the extent of forest which rapidly declines, forests belonging to the department and barren land were given on lease to private sector for forest cultivation commencing from 2000. 11 years after the commencement of the 1st stage of the Project, the total amount of agreements had decreased from 54 to 14 and the extent of land maintained by the private sector had dropped from 506 to 137 hectares and it was 27 per cent of the total extent of land cultivated.
- (b) The IInd state of the Project Commenced in 2002. Of the 32 agreements entered into at the commencement, the operating level had become 9 after the lapse of 8 years. The present position of maintenance the 511 hectares of land cultivated had dropped to 311 hectares and it was 61 per cent of the total extent of land cultivated.
- (c) On an overall basis, the cultivation project which commenced with a maintenance of 1017 hectares by the private sector had currently become 448 hectares.

- (d) The forest cultivation project which commenced with the participation of private sector had become a failure. A proper procedure had not been prepared with regard to proper maintenance of land where cultivation had been abandoned and with regard to the systematic maintenance of limited extent of land maintained by the private sector as at 31 December 2012 during the course of next 20 years.

2:8 Transactions of a Contentious Nature

Agreements had been entered into with the applicants while permitting them to break granite in the Ampara District and forests. Meanwhile, operations had taken place contravening the conditions in those agreements.

2:9 Management Weaknesses

The following weaknesses were observed.

(a) Unsettled Audit Paragraphs

Follow up action pending completion with regard to audit paragraphs included in the Auditor General's reports pertaining to the Department subjected to examination by the Committee on Public Accounts.

Reference to the Auditor General's Report

Year	Paragraph No.	Subject Referred to
-----	-----	-----
2008	4.3(b)	Loans-Advances to Public Officers' Accounts
2009	4.3(ii)	Weaknesses in follow up action regarding recovery of balances
2010	1.3(d)(i)	
2008	4.3(c)	Advance to Public Officers' Account
2009	4.3(i)	Transferring the difference between the total of the Individual Balance Classification summary and the balances of the Control Account to a suspense Account and non settlement.
2010	1.3(d)(ii)	

2010	1.7(i)	Delay in recruiting drivers
2010	1.12(f)	Non preparation of a register of fixed assets

(b) Jak Plants Produced under the Forest Extension Programme

The following weaknesses were observed at audit test checks.

- (i) 250,000 jak plants had been produced by utilizing the provision of the Ministry under the Forest Extension Programme of 2012. Of these, 52 per cent of the plants produced, that is, 129,215 remained as balance even as at 03 April 2013.
 - (ii) Jak plants cannot be used for forest extension activities as a forest tree due to damages caused by wild animals. Meanwhile, a plan had not been prepared to distribute those plants to the public for home gardening.
 - (iii) As these plants are in bags for about one year, it had extensively grown making it difficult to maintain them.
- (c) A programme to produce and distribute more than 5,000 varieties of plants in the plant nurseries of the Department of Forest Conservation for distribution among various institutions/ persons who operate Forest Cultivation Programmes was commenced in 2011. But, it had become a failure.
- (d) Significant income of Rs.7,092,121, Rs.6,097,292 and Rs.6,934,353 respectively were received during the years 2010, 2011 and 2012 by selling varieties of plants produced by the Department of Forest Conservation. But, the Conservator of Forest had not introduced a proper procedure for sale of plants.
- (e) Forest extension programmes had paid much attention for free distribution of plants to schools and government institutions, while the Forest Conservation Department attention paid with regard to planting of trees on either side of the road, planting of trees on the banks of rivers and close to reservoirs was less.
- (f) It was revealed at an inspection carried out at the head office and at sales centres of publications that the collection of money and maintenance of stock register

relating to plant had not been properly carried out. Further, the publications entered in the register were without sales value. There was room for financial misappropriation due to the weakness in the internal control system.

- (g) Unauthorized felling in the Commercial Pruning Plot of Land at Bogawanthalawa Chapelton
-

Ten acres of Grands Forest Cultivation of the Nuwara Eliya district had been released to the State Timber Corporation for commercial pruning in 2010 during which 505 trees had been subjected to fraudulent felling causing a loss of Rs.32,642,148 and a loss of Rs.872,395 to the government by destroying 30 huge trees and these had been revealed at an inspection carried out by the Nuwara Eliya District Forest Officer. Over 18 months had elapsed as at 21 June 2013 since the occurrence of appointing of Assistant Conservator of Forest and a Forest Controller on 25 April 2012 to hold a preliminary inquiry relating to the crime on 25 April 2012 requesting them the furnish a report within a month. The inquiry report had not been furnished to the Conservator General of Forests even by 01 August 2013.

- (h) Construction activates at Nuckles Reserve Centre
-

Construction activities around Sera Ella

A contract for Rs.11,797,532 had been awarded for the construction activities of the Nuckles Reserve Centre.

The Senior Deputy Conservator of Forests (Environmental Management) had informed the Matale District Forest Officer to obtain the services of a qualified government technical officer to supervise the construction by his letter No. EMD/ECO/DEv/KNCK/2009 dated 16 September 2009. However, evidence had not been furnished to show that such services had been obtained from a technical officer.

Paid vouchers for payments aggregating Rs.692,871 had not been furnished for audit.

(i) Others

-
- (i) The Conservator of Forests (Personnel and Administration) had illegally driven a vehicle and met with an accident while he worked as Additional Government Agent, Trincomalee. It was decided to recover the loss of Rs.484,252 caused to the vehicle from the officer concerned. However, the officer had neglected payments. Disciplinary action had not been taken against that officer.
- (ii) The Conservator of Forests (Personal and Administration) who obtains a monthly transport allowance of Rs.30,000 and a fuel allowance of Rs.20,865 as per Public Administration Circular No. 14/2008 dated 26 June 2008, had used a vehicle of the Department too, contravening regulations.

2:10 Human Resources Management

(a) Approved Cadre and Vacancies

The position relating to the cadre as at 31 December 2012 is as follows appears below.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
	-----	-----	-----	-----
(i)	Senior Level	84	48	36
(ii)	Tertiary Level	42	31	11
(iii)	Secondary Level	1,383	960	423
(iv)	Primary Level	<u>1,609</u>	<u>1,218</u>	<u>391</u>
	Total	3,118	2,257	861
		=====	=====	=====

The following observation is made.

Action had not been taken to fill 861 vacancies existing as at end of the year under review.

(b) Human Resources Irregularly Released to other Parties

The details of human resources irregularly released to other parties by the Department appear below.

Category of Employee	No. of Employees	Parties to which human resources had been released	Period Released
-----	-----	-----	-----
(i) Forest Beat Officers	01	Ministry of Environment and Renewable Energy	01.01.2008 to the date of report
(ii) Forest Field Assistants	03	Ministry Environment and Renewable Energy	01.01.2008 to the date of report